

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2177 – HB 2484

March 13, 2016

**SUMMARY OF ORIGINAL BILL:** Enacts the *Tennessee Brownfield Redevelopment Tax Credit Act of 2016*, which provides a franchise and excise (F&E) tax credit of \$4,500 for each qualifying job created, to any qualified business located on a brownfield site that creates a minimum of 10 full-time jobs. Defines a “brownfield site” as property containing at least 2.5 acres that is currently, or at any time since January 1, 2000, been the subject of an investigation or remediation as a brownfield project under a voluntary agreement or consent order, pursuant to Tenn. Code Ann. § 68-212-224.

Defines a “full-time job” as a permanent employment position providing employment for at least 12 consecutive months, to a person for at least 37.5 hours per week.

Authorizes the Commissioner of the Department of Revenue (DOR) to conduct audits, require additional information from qualified businesses seeking the tax credit, and to determine taxpayer compliance with all statutory requirements for the tax credit. Subjects any taxpayer that fails to comply with such requirements to an assessment equal to the amount of any credit granted, plus interest.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue – Exceeds \$3,195,000/FY17-18 and Subsequent Years

**SUMMARY OF AMENDMENT (013671):** Adds language to the original bill that limits the F&E tax credits authorized under this Act to two qualified businesses per county, located on brownfield sites in counties with a population of more than 300,000. Establishes that such credits are subject to approval by the respective county legislative body and the Commissioner of the Department of Economic and Community Development.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Revenue – Exceeds \$360,000/FY17-18 and Subsequent Years

SB 2177 – HB 2484

Assumptions for the bill as amended:

- The bill as amended will authorize F&E tax credits to any qualified business located on a brownfield site in the following four counties: Shelby, Davidson, Knox, and Hamilton.
- It is assumed that eight qualified businesses will create a minimum of ten qualifying jobs on qualified brownfield sites, and will therefore be granted the F&E tax credit created pursuant to this Act.
- The recurring decrease in state revenue is estimated to exceed \$360,000 (8 sites x minimum 10 jobs x \$4,500 tax credit).
- The DOR indicates that, due to the requirements of the Act, the first year impacted by the bill as amended will be FY17-18.
- The DOR will accomplish the requirements of the bill as amended and ensure compliance with the Act utilizing existing resources. Any increase in departmental expenditures will be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

/bos